



Ninety-Seventh Legislature - First Session - 2001
Committee Statement
LB 169

Hearing Date: January 17, 2001

Committee On: Revenue

Introducers: (Revenue Committee)

Title: Authorize managed compliance agreements for holders of certain direct payment permits and change provisions of the Employment Expansion and Investment Incentive Act

Roll Call Vote – Final Committee Action:

- X Advanced to General File
 - Advanced to General File with Amendments
 - Indefinitely Postponed
-

Vote Results:

- | | |
|--------------------------|--|
| 8 Yes | Senators Coordsen, Dierks, Hartnett, Janssen, Landis, Raikes,
Redfield and Wickersham |
| 0 No | |
| 0 Present, not voting | |
| 0 Absent | |
-

Proponents:

George Kilpatrick, Legal Counsel
Mary Jane Egr, Tax Commissioner

Representing:

Committee on Revenue
Department of Revenue

Opponents:

None

Representing:

Neutral:

Ron Sedlacek

Representing:

Nebraska Chamber of Commerce

Summary of purpose and/or changes:

LB 169 is the Department of Revenue's annual bill requesting changes to enhance enforcement of the revenue laws.

Section 1 would enact a new section of law to allow the Tax Commissioner to enter into managed compliance agreements with large sales taxpayers (at least \$3 million of taxable purchases annually). Under a managed compliance agreement, the Department of Revenue and the business agree to a percentage of purchases that are subject to tax. The taxpayer then remits the amount of tax monthly without a detailed accounting of what was purchased. This percentage is then audited occasionally, and if reality is within five percent of the estimate, no



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additional tax is due. The Tax Commissioner is allowed to adjust the percentage from time to time or seasonally to result in the right amount of liability being remitted.

Section 2 would amend section 77-27,188 to strike the requirement to recapture enhanced Employment Expansion and Investment Incentive Act (LB 270) credits if the employer fails to maintain the employment of enterprise zone residents. Under the Enterprise Zone Act, LB 270 (1987) credits are tripled for all employees if more than half of the new employees are zone residents. If less than half, the credits are tripled on only that portion of the new employees that are zone residents.

Sections 3 and 4 would amend sections 77-27,188.02 and 77,192 to provide for recapture only if employment falls below the minimum threshold and not whenever employment falls.

Section 5 would amend section 77-27,196.01 to provide that the changes to the recapture provisions of the Employment Expansion and Investment Incentive Act apply only to credits earned in tax years beginning on or after January 1, 2001.

Section 6 would repeal the original sections.

Explanation of amendments, if any:

Senator William R. Wickersham, Chairperson